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5 June 1985**SPY INQUIRY GROWS
AS 2 DENY CHARGES**By **PHILIP SHENON**
Special to The New York Times

WASHINGTON, June 4 — John A. Walker Jr. pleaded not guilty today to charges of espionage as the authorities focused their attention on a fifth suspect in what prosecutors are depicting as perhaps the largest American spy ring working for the Soviet Union in 30 years.

In the 15th day of expanding allegations of security breaches involving Navy personnel, Mr. Walker, a former communications specialist, appeared in Federal District Court in Baltimore with his 22-year-old son, Michael, a yeoman on the aircraft carrier Nimitz, who also pleaded not guilty to espionage charges.

As they were arraigned, investigators continued to pursue the case, which has produced four arrests and has involved naval installations on both coasts.

Mr. Walker's brother and his closest friend have already been arrested and charged with espionage, and more arrests are expected. The Federal Bureau of Investigation may now have identified the individual now known to the public only as "F," officials noted, saying the person is believed to live on the East Coast, perhaps near Norfolk, Va.

The F.B.I. is turning new attention to Jacksonville, Fla., the site of one of the Navy's largest bases. In a search of John Walker's private plane, the bureau said it found a recently published navigator's map of Jacksonville, the site of one of the Navy's largest bases. A Jacksonville phone book was also found in his office.

Government officials who asked not to be named said they had been intrigued by the documents and were trying to determine why Mr. Walker would visit Jacksonville.

The Jacksonville Naval Air Station is home for two major aircraft wings, and the nearby Mayport naval station is the home of two aircraft carriers, the Forrestal and Saratoga. Nearly 35,000 people work at the two facilities.

Mr. Walker is suspected of traveling the world as part of an espionage operation, visiting port cities where accomplices would hand him documents gathered aboard Navy ships.

The new details about Mr. Walker's contacts and movement highlighted the unusual nature of this case. Unlike previous espionage investigations, announced after an entire network has been penetrated, this investigation has unfolded as daily, public drama.

Bigger Case Than Suspected

Federal investigators say this is because the spy ring they now suspect existed is a much bigger and more complex operation than they envisioned when they picked up John Walker in a Maryland hotel on May 20. The investigators say he had just delivered classified materials to a drop site.

Federal officials said they were having trouble sorting out so many leads and clues and suspects in a case that military officials say can be compared to the worst in the nation's history.

"I think it's fair to say that in terms of number of people involved, this is the largest U.S. spy operation since the Rosenbergs," said United States Attorney Joseph Russoniello, referring to Julius and Ethel Rosenberg, who were executed in 1953 for smuggling secrets about atomic weapons to the Soviet Union. Five people were convicted in the Rosenberg case.

When Jerry A. Whitworth, 45, a retired Navy radioman who has been described as Mr. Walker's best friend, was arrested Monday in California, court documents said the spy ring had been delivering military secrets to the Soviet Union for at least 20 years.

Investigators said today they were still trying to determine the scope of the purported espionage network. Each day, they said, brings new clues to other associates of Mr. Walker's, so that details of the case emerge suddenly and come as a surprise both to the public and to the investigators themselves.

At the hearing in Baltimore today, the elder Mr. Walker smiled at times. His son sat quietly at a separate table, turning on occasion to look at his wife, Rachel, who sat in the second row of the audience.

Mr. Walker's public defender revealed the most detailed statement yet available about his client's finances. The F.B.I. has charged that Mr. Walker's sole motivation in forming the spy ring was financial.

According to the lawyer, Fred Warren Bennett, Mr. Walker, who owns a private detective firm, has a net worth of \$174,000. His assets, Mr. Bennett said, are valued at about \$239,000, including a home in Norfolk, real estate in South Carolina, the private plane and an automobile.

No Money for Legal Fees

But the lawyers said that almost all the money is tied up in real estate and other possessions, and that Mr. Walker does not have enough cash to meet legal fees. If a judge determines that Mr. Walker has enough money, he might be required to hire a private lawyer.

In Norfolk today, a state court granted the Internal Revenue Service a lien on Mr. Walker's property there. The I.R.S. said Mr. Walker owned about \$250,000 in back taxes since 1979.

One of Mr. Walker's daughters, Margaret Walker, 27, has told the authorities she would be willing to help her father, but Mr. Bennett said she could not provide enough assistance.

In a news conference at the courthouse, Miss Walker said she felt "optimistic" about the case but was not "making a judgment" about her father's guilt or innocence. "I think someone is going to have to judge him," she said, "and that is the jury."

Meanwhile, the Defense Department said today that it would go along with a civilian trial for Mr. Walker and his brother, Arthur.

Michael I. Burch, the chief Pentagon spokesman, said the Navy had dropped any idea of recalling the two men to active duty in order to court-martial them. Arthur Walker is a retired lieutenant commander in the Navy.

Navy Secretary John F. Lehman Jr. weighed the option because of concern from some officials that Federal courts might grant them a more lenient sentence and that confidential information might be revealed.

"It's the feeling of our general counsel, at this time, that the case can properly be prosecuted and tried in Federal courts, and that classified information can be protected by the Federal courts," Mr. Burch said.

Military officials say they are still trying to determine what damage might have been done to national security by Mr. Walker and his associates.

The officials are particularly concerned about access that Mr. Walker and Mr. Whitworth had to secret documents about anti-submarine warfare operations, which are designed to permit the United States to detect and destroy Soviet submarines. The two men had top-secret security clearances during their naval careers.

"We feel we still have a qualitative edge over the Soviet Union in sub-surface operations," Mr. Burch said. "But we're still assessing the amount of damage that may have been done by the Walkers and others."

Mr. Whitworth, who had previously been identified by the code name "D," faces a detention hearing in San Francisco on Friday and a preliminary hearing on June 18, prosecutors said today.

His attorney, Louis Hiken, said any contacts between Mr. Whitworth and Mr. Walker "were those of a friend he had known and gone sailing with for many years."

The F.B.I. said that the two men became friends when they were assigned as instructors at the Navy Communications School in San Diego in the early 1970's.

In the late 1970's, Mr. Walker traveled to port cities in Asia, where Mr. Whitworth handed him secret documents from the aircraft carrier Constellation, the bureau said.

The documents released at the time of Mr. Whitworth's arrest in San Francisco said that a fifth person, represented by the code name "F," was also implicated. Law-enforcement officials have not said whether F is a man or woman.